

Consolidated Statement of Source and Use of Funds

Six Months ended April 30, 1971 and 1970

1971 1970

Source of funds

Operations

Net Income	\$ 420,465	\$ 729,305
Add: Charges not requiring cash outlay —		
Depreciation, including \$3,746 (1970 — nil) charged to general and administrative expenses	130,232	129,600
Amortization of debenture discount and financing expenses net after discount of \$34,655 (1970 — \$6,000) on debentures purchased	14,203	21,435
Deferred income taxes	793,000	412,000

Cash flow before principal repayments	1,357,900	1,292,340
Interim financing on construction in progress	403,695	—
Collections of mortgages and accounts receivable of \$483,805 (1970 — \$864,308) less decrease in deferred income from sales of properties of \$135,005 (1970 — \$658,336)	348,800	205,972
Increase in mortgages on properties under development less principal repayments of \$142,199 (1970 — \$133,734)	412,801	35,746
Decrease (increase) in investments in associated companies	26,922	(86,382)
Issue of common shares	251,875	9,000
Decrease (increase) in cash and short term deposits	493,612	(404,787)
	<u>\$3,295,605</u>	<u>\$1,051,889</u>

Use of funds

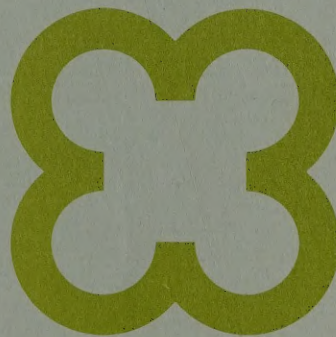
Notes receivable from employees	\$ 242,875	\$ —
Construction in progress	415,028	—
Investment in properties under development	2,054,362	944,180
Additions to income producing properties	2,227	7,027
Principal repayments of mortgages on income producing properties	158,294	195,173
Purchase of 6½% Secured Sinking Fund Debentures — Series A (principal amount \$157,000; 1970 — \$24,000)	122,345	18,000
Net change in other assets and liabilities	300,474	(112,491)
	<u>\$3,295,605</u>	<u>\$1,051,889</u>

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Canadian Equity & Development Company Limited

Six Months Ended
April 30, 1971



Interim Report
to
Shareholders

CANADIAN EQUITY & DEVELOPMENT
COMPANY LIMITED
2171 Avenue Road
Toronto 20, Ontario

President's Report to the Shareholders

Consolidated net income for the six months ended April 30, 1971, was \$420,465, or 8.7 cents per share, compared with a restated \$729,305, or 15.2 cents per share, for the corresponding period in 1970. Cash flow per share amounted to 28.1 cents, compared with 26.9 cents. The comparative figures have been restated to reflect the changes in accounting policy previously reported.

Gross rental income of \$1,447,192 compares with \$1,419,077 in the previous period, despite the increased competition faced by our North York shopping centres, which was caused by the recent opening of a major regional centre. The increase in net rental income to \$766,554 from \$707,652 primarily reflects reduced operating expenses and mortgage interest charges.

Net income from sales of land (\$135,005 in the latest period and \$658,189 a year ago) represents the earned portion of deferred profits from sales in previous fiscal periods. No land sales were made in the first six months of either this year or last year.

The increased cash flow for this period results from the income taxes recoverable from previous years by claiming, for tax purposes, increased development expenses as they are currently incurred.

Development activity is continuing on the Erin Mills lands and considerable pre-servicing for roads, trunk sewers and other utilities has been completed. Upon receipt of registration of the first plan of subdivision — which is expected momentarily — land sales currently negotiated will be effected and as these sales are closed, revenues will be reflected in the accounts.

Toronto
June 2, 1971

A. E. Diamond
President

Consolidated Statement of Income

Six Months ended April 30, 1971 and 1970

	<u>1971</u>	<u>1970</u>
Rental Income	\$1,447,192	\$1,419,077
Property operating expenses	360,384	377,413
Mortgage interest	193,768	204,412
Depreciation	126,486	129,600
	<u>680,638</u>	<u>711,425</u>
Net Rental Income	766,554	707,652
Net Income from Sales of Land	135,005	658,189
Interest and Sundry Income	57,563	93,044
Equity in Income of Associated Companies	53,078	86,382
Expenses		
General and administrative	149,532	59,527
Amortization of debenture discount and financing expense (net of discount on debentures purchased)	14,203	21,435
	<u>133,735</u>	<u>80,962</u>
Income from Operations	878,465	1,464,305
Taxes payable (recoverable)	(335,000)	323,000
Deferred income taxes	793,000	412,000
	<u>458,000</u>	<u>735,000</u>
Net Income	<u>\$ 420,465</u>	<u>\$ 729,305</u>
Earnings per Share	8.7c	15.2c
Cash Flow per Share	<u>28.1c</u>	<u>26.9c</u>

This statement is subject to year-end adjustment and audit.

Per share figures are based upon 4,836,350 issued common shares (1970 — 4,799,850).